

FINANCE & GENERAL PURPOSES COMMITTEE

AGENDA NOTICE

Finance & General Purposes Committee Meeting

Date: Thursday 23rd June 2016

Time: 10.00am

Venue: Principal's Office, Farnborough College of Technology

Please note this meeting precedes Remuneration Committee

- 3.1 Opening of Meeting and Apologies for Absence**
- 3.2 Declarations of Interest**
- 3.3 Minutes of the last Finance & General Purposes Committee held 10th Mar 2016**
Chair of F&GP Committee Appendix 3.3
- 3.4 Matters arising from the minutes**

FINANCE

- 3.5 Monthly Management Accounts Report**
Report by Director of Finance Appendix 3.5
- 3.6 a) Financial Dashboard**
Report by Director of Finance Appendix 3.6a
- b) May 2016 Forecast**
Report by Director of Finance Appendix 3.6b
- c) Budget 2016/17 & Forecast 17/18**
Report by Director of Finance Appendix 3.6c
- d) Sustainability - Forecast to 2020**
Report by Director of Finance Appendix 3.6d
- 3.7 HE Fees for entry Sept 2017**
Report by Deputy Principal Appendix 3.7
- 3.8 Market Related Pay**
Report by the Principal Appendix 3.8
- 3.9 Faculty Restructuring**
Report by the Principal Appendix 3.9
- 3.10 LGPS Pension Scheme Changes**
Report by Director of Finance Appendix 3.10
- 3.11 Capital Projects – Approval of tenders in excess of £50K**
Report by Director of Finance Appendix 3.11
- 3.12 Update on IT Capital Spend**
Report by Deputy Principal Appendix 3.12
- 3.13 Use of the College Seal for Electricity & Gas Contracts**
Report by Director of Finance Appendix 3.13
- 3.14 Banking & Treasury Management Termly Report**
Report by Director of Finance Appendix 3.14
- 3.15 HSBC College Mandate Update**
Report by Director of Finance Appendix 3.15
- 3.16 Bad Debtors Report**
Report by Director of Finance Appendix 3.16

GENERAL PURPOSES

- 3.17 Regulatory Matter Update**
Report by Deputy Principal Appendix 3.17
- 3.18 Building Projects Update - UCF**
Report by the Director of Building Projects Appendix 3.18
- 3.19 Travel Plan for Approval**
Report by Director of Building Projects Appendix 3.19
- 3.20 Health & Safety Termly Report**
Report by Deputy Principal Appendix 3.20
- 3.21 Termly Safeguarding Report**
Report by Deputy Principal Appendix 3.21

POLICY UPDATES

- 3.22 Financial Regulations**
Report by Director of Finance Appendix 3.22
- 3.23 Treasury Management Policy**
Report by Director of Finance Appendix 3.23
- 3.24 Any Other Business**
- 3.25 Date & Time of the next meeting**
Thursday 24th November 2016 at 10am – *Date to be confirmed*

DISTRIBUTION LIST

Committee
Mr B Edwards – Chair
Mr A Cairns
Professor M Earwicker
Mr J Palfreyman
Mr R Rendel
Professor J Yeomans
Mr I Morgan - Principal

In attendance
Mrs J Bratt –Director of Finance
Mr I Wolloff- Deputy Principal
Mrs H Ramsdale – Vice Principal
Mrs L Miles – Director of Resources
Mrs M Shepherd – Director of Building Projects
Mrs J Milburn – Interim Vice Principal
Mrs C Gillam – Clerk to Corporation

Farnborough College of Technology

Finance & General Purposes Committee
Minutes of meeting held on Thursday 23rd June 2016

Present:

Mr B Edwards –Chair of Committee
Mr A Cairns
Professor M Earwicker
Mr J Palfreyman
Mr R Rendel
Mr I Morgan - Principal

In Attendance:

Mrs J Bratt - Director of Finance
Mrs L Miles – Director of Resources
Mrs H Ramsdale – Vice Principal Curriculum & Learners
Mrs M Shepherd – Director of Building Projects
Mr I Wolloff – Deputy Principal
Mrs C Gillam – Clerk to the Corporation

Quorate: Yes

The meeting opened at 10.00am

Agenda Item	Minute	Action
3.1/15.16	Opening of Meeting and Apologies for Absence Apologies were received and accepted from Professor Yeomans.	
3.2/15.16	Declarations of Interest No declarations were noted in relation to the agenda items.	
3.3/15.16	Minutes of the meeting held 10th March 2016 The minutes of the last meeting were accepted as a true and accurate record and were signed by the Chair.	
3.4/15.16	Matters arising from the minutes There were no matters arising.	
3.5/15.16	Monthly Management Accounts Report The Director of Finance noted that the year to date surplus had increased compared to the budget. This was due mainly to control of salary costs which have been held in preparation for the reduction in income budgeted for next year. The Committee accepted the report on the May 2016 monthly management accounts.	
3.6a/15.16	Financial Dashboard The Committee received the SFA issued dashboard and noted that the College's financial health continued to be outstanding. For the performance ratio the College was rated as 'good' for two years	

out of six but it was suggested that next year when the ratio was replaced by EBITDA then this should favour a move into 'outstanding'.

The Committee discussed the College's staff costs as a percentage of income line which hovered around the upper quartile for the sector but reflected that the College is unusual nationally in that it does not contract out services.

The Committee accepted the Financial Dashboard.

3.6b/15.16 May 2016 Forecast

The Director of Finance reported that the May forecast predicted a surplus of £622k compared to a budgeted surplus of £81k. Income was forecast below budget but significant salary savings as noted above had been achieved.

The Committee discussed where a breakeven point would be in a climate of declining funding. A key strategic issue for the Board was long term sustainability as a stand alone College.

The Committee accepted the May 2016 Forecast.

3.6c/15.16 Budget 2016/17 & Forecast 2017/18

The Director of Finance explained that the setting of the draft budget had been informed by the F&GP Away Days held in March and May 2016. The Committee had made clear its expectation for the College to focus on re-instating and improving enrolment levels and recruitment targets had been agreed and were included in the paper for item 3.6d.

The 2016/17 year would be limited in its ability to improve certain funding income due to the decrease in 16-18 students and consequential lagged funding. However the College was targeted to increase adult learning provision and apprenticeships. There was a 150k growth target for apprenticeship provision and the College was undertaking the necessary steps to prepare to selectively sub-contract if necessary to meet this growth target. Significant savings in salary costs already discussed together with savings arising from the reorganisation of the faculty structure had put the College in a good position to compensate for reduced income in the coming year. A number of items had been included in the budget to help boost enrolment including doubling the bus subsidy and the HE bursary and an extra 75k for additional marketing. The Committee discussed the increased marketing activity and noted that Curriculum & Standards Committee would need to monitor the increased spend against enrolment targets.

Another important issue for the College was increasing conversion rates. Current indications were that rates would be better this year but final figures would not be known until the autumn. It was important to differentiate our market, sell our excellence and vocational focus and try to accommodate as wide a range of students as possible. A new on-line system for making offers to

students had reduced the time prospective students waited for an offer from 3 months to 2 weeks but the Committee recommended reducing this even further and considering making same day offers as many other institutions do.

The Committee noted that the estate would require substantial investment to update and refresh and that an illustrative annual £3m spend had been included in the budget and the following two years totalling £9m. A new Property Strategy had been commissioned and would present the Committee and the Board with options in the autumn. It was agreed that just as the Board had agreed that the new Enterprise Centre should be used to reach out to business that a redeveloped hall could also be loaned out for community and business use.

Action: The Committee agreed to recommend to Corporation Board approval of the budget for 2016/2017 and to recommend approval of the 2015-18 Financial Plan.

3.6d/15.16 Sustainability – Forecast to 2020

The Director of Finance presented the paper on income growth targets discussed at the Committee's May 2016 Away Day and the resulting impact on the College's forecast to 2019/20. Assuming income targets were met, and allowing for a £9m capital spend programme across three years, the College would have a residual cash balance of £9m at the end of 2018/20 and an income of £17.7m.

The Committee found the commentary clear but requested in future the provision of greater detail on the performance drivers in the forecast tables e.g. a further level of detail for income.

The Committee accepted the Sustainability papers.

3.7/15.16 HE Fees – for entry from September 2017

The Deputy Principal explained that whilst HE numbers had declined last year it did not appear that the College's fees were a significant disincentive and therefore it was recommended that fees remain the same.

The Committee discussed the bursary scheme which applied to approximately half of HE students on full time courses. It was not apparent that price was a deciding factor for students, rather that they sought a 'university experience' and would choose a university, even with lower entry requirements, than a college. The College therefore needed to focus on work based programmes, a more mature student profile and progression of students from FE.

Action: The Committee agreed to recommend to the Board the proposed fee structure for students beginning in September 2017.

3.8/15.16 Market Related Pay

The Committee received an update from the Principal on the

introduction of a market supplement for certain difficult to recruit posts. The decision to offer a supplement would be made on a case by case basis and approved by the Director of Finance and the Principal.

The Director of Resources explained that some posts with a supplement had already been advertised and had not attracted a negative response from staff. The scheme was seen as a pragmatic response to market conditions.

The Committee received the report.

3.9/15.16 Faculty Restructuring

The Principal outlined the new faculties structure which would be fully implemented from the new academic year. Seven faculties had been reduced to four. Curriculum areas had been regrouped into more appropriate clusters. It was noted that an interim appointment for Head of Faculty Engineering & Construction had been made and a headhunting process was underway to recruit a permanent appointee.

The Committee discussed the appointment of Julie Milburn as Interim Vice Principal for 12 months and suggested that the Instrument & Articles of Government be amended to remove the requirement to nationally advertise a Senior Postholder's post.

Action: The Committee agreed to recommend to the Corporation Board the removal of the requirement to nationally advertise a SPH post from the Instrument & Articles of Government.

Board

3.10/15.16 LGPS Pension Scheme Changes

It was noted that changes to the scheme were ongoing. FE/HE employers had been removed from the main groups of employers within the Fund, a valuation of the Fund would take place over the summer and then further consultation would take place in the autumn. This would be the appropriate time for colleges to consider if they wished to form their own sub-group. The F&GP Committee had already approved in principle the appointment of an actuary to advise the College on options in the autumn. It was agreed that the appointment of the actuary could be agreed by Corporation Board at its October meeting.

The Committee received the update.

3.11/15.16 Capital Projects – Approval of tenders in excess of £50k

Three projects approved by Corporation Board required second round approval by F&GP Committee as they were in excess of £50k. The Committee discussed the new and rolling replacement of PCs noting also the content of paper 3.12 on IT capital spend. It was understood that the College was exploring bring your own device options and in future this should have an impact upon the rolling replacement of PCs programme but that would not be seen this year. It was noted that provision of improved IT facilities was a consistent feature of student feedback.

It was noted that for the roofing tender this was the third year the College had gone out to tender and the same firm had won. Interest from other firms in tendering was waning so it was suggested that the College did not go out to tender again for this project.

Action: Recommend approval of the award of tenders to the Board.

Board

3.12/15.16 Update on IT Capital Spend

The Deputy Principal outlined developments being implemented in 2016/17 including exciting new IT provision in the Enterprise Centre such as self issue laptops and touch screen devices. The College was investigating all options for the data storage replacement project and it was suggested that piloting of cloud storage could prove useful.

The Committee received the update.

3.13/15.16 Use of the College Seal for Electricity & Gas Contracts

Action: The Committee agreed to recommend to Corporation Board approval of the use of the College Seal for both the Electricity and Gas Contracts with the Local Government Energy Buying Group.

Board

3.14/15.16 Banking & Treasury Management Termly Report

The Committee received the report.

3.15/15.16 HSBC – College Mandate Update

Action: The Committee agreed to recommend to Corporation Board approval of the Interim Vice Principal being added to the College's bank signatories.

Board

3.16/15.16 Bad Debtors Report

The Committee approved the writing off of bad debts totalling £8,558.82. The Director of Finance agreed to take forward the Committee's suggestion that credit checks be undertaken for students taking self-funded professional courses.

3.17/15.16 Regulatory Matter Update

This was recorded as a confidential minute.

Action: A report to Corporation Board on the Regulatory Matter.

Board

3.18/15.16 Building Projects Update – UCF

The Director of Building Projects announced that building works were virtually complete and the latest cost projection was that the project would be completed just within its £7.75m budget. Several positive comments had been received from external agencies regarding the building with it being described as 'the landmark building for Farnborough'.

The Committee thanked the Director of Building Projects and her

team for a successful and well managed project.

3.19/15.16 Travel Plan for Approval

The Director of Building Projects explained that the production and implementation of a Travel Plan was part of the planning consent process for the new building. The Plan would be monitored by Hampshire County Council.

Action: The Committee agreed to recommend to Corporation **Board** Board approval of the Travel Plan.

3.20/15.16 Health & Safety Termly Report

The Committee received the contents of the report.

3.21/15.16 Termly Safeguarding Report – June 2016

The Committee noted the key actions in relation to student safeguarding including the broadening of counselling support. It was noted that the threshold for receiving support from external agencies such as CAMHS was very high which impacted upon the College's own support services.

The Committee received the report.

3.22/15.16 Financial Regulations

Following discussion the Committee agreed that the threshold for 'second tier' approval for significant capital spend by F&GP Committee be increased from £50k to £100k. This would reduce unnecessary delay in implementing projects which had already been approved once by F&GP Committee and the Board.

It was noted that there were numerous changes proposed to the Financial Regulations, including some simple updates and some regulatory changes. The Committee requested that the Director of Finance revise the cover paper to highlight significant items and circulate by email to F&GP members and then to the Board.

It was noted that the Financial Regulations included no delegation to F&GP Committee except for scrutiny. The Director of Finance and the Clerk agreed to review the Committee's Terms of Reference in conjunction with the Financial Regulations, Standing Orders and Instrument and Articles of Government to see if there were items which could be delegated by the Board for action to the F&GP Committee.

Action: The Committee suggested a review of the Terms of Reference for the autumn.

**Dir.
Finance/
Clerk**

2.23/15.16 Treasury Management Policy Update

The Committee noted that this policy would be reviewed every two years instead of yearly. It was a good policy which worked well in operation.

Action: The Committee agreed to recommend to Corporation Board approval of the Treasury Management Policy.

2.24/15.16 Any Other Business

This was recorded as a confidential minute.

2.19/15.16 Date and time of next Finance & General Purposes Committee meeting

Thursday 24th November 2016 at 10am.

The meeting closed at 12.34pm

Minutes agreed as being a true and accurate record by the Chair.

Signed:

Dated: